

M. COM DEGREE END SEMESTER EXAMINATION- MARCH 2025**SEMESTER 4 : COMMERCE****COURSE : 21P4COMT20EL : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT***(For Regular - 2023 Admission and Supplementary 2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. List the measures used in calculation of per unit risk in portfolio evaluation? (An, CO 5)
2. What is current yield? (U, CO 2)
3. What is SML? (U, CO 4)
4. What is market index? (U, CO 1)
5. What is margin trading? (U, CO 1)
6. Define market portfolio. (U, CO 4)
7. Why is Random Walk Theory later came to be known as Efficient Market Hypothesis ? (U, CO 3)
8. What is confidence index? (R, CO 3)
9. What do you mean by share valuation. (U, CO 2)
10. Expand and state the meaning of CML and SML. (U, CO 5)
(1 x 8 = 8)

PART B**Answer any 6 questions****Weights: 2**

11. Discuss the concepts (a) MACD (b) RSI (An, CO 3)
12. Briefly explain the factors to be considered under Economic Analysis. (A, CO 2)
13. Explain the sharpe single Index Model. How do you interpret α and β parameters in the model? (U)
14. A security pays a dividend of Rs. 3.85 and sells currently at Rs.83.The security is expected to sell at Rs. 90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5 per cent and the expected return on market index is 12 per cent. Assess whether the security is correctly priced. (A, CO 5, CO 6)
15. Explain briefly the methods of floating new issue. (U, CO 1)
16. Explain the concept of efficient frontier in the context of portfolio selection using suitable figure. (R, CO 5)
17. Differentiate bar chart from Japanese candle stick chart. (E, CO 3)
18. Consider two securities P and Q, with expected return of 15 per cent and 24 per cent respectively, and standard deviation of 35 per cent and 52 per cent respectively. Calculate standard deviation of a portfolio weighted equal between two securities if their correlation is -0.9 . (A, CO 4, CO 6)
(2 x 6 = 12)

PART C**Answer any 2 questions****Weights: 5**

19. " The first step in industry analysis is to determine the stage of growth through which the industry is passing". Explain this statement with the concept of Industry Life Cycle and discuss its stages. (An, CO 2)

20. Explain the portfolio revision strategies with suitable examples and discuss the major constraints in portfolio revision . (U, CO 5)
21. The following data are available to you as portfolio manager
- | Security | Estimated return (per cent) | Beta | Standard deviation (per cent) |
|---------------|-----------------------------|------|-------------------------------|
| A | 30 | 2.0 | 50 |
| B | 25 | 1.5 | 40 |
| C | 20 | 1.0 | 30 |
| D | 11.5 | 0.8 | 25 |
| E | 10.0 | 0.5 | 20 |
| Market index | 15 | 1.0 | 18 |
| Govt security | 7 | 0 | 0 |
- (A, CO 4, CO 6)
- a. In terms of the security market line , which of the securities listed above are underpriced?
- b. Assuming that a portfolio is constructed using equal proportions of the five securities listed above, calculate the expected return and risk of such a portfolio.
22. The capital market is considered to be efficient in three different forms: Discuss the different forms of market efficiency. (U, CO 3)
- (5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	After successful completion of the course students are expected to understand the investment avenues and make better decisions in investment	U	4, 5, 15	4
CO 2	Ability to analyse Securities and Portfolios i.e., Risk and Return and Different models of Risk Return analysis	An	2, 9, 12, 19	9
CO 3	Understanding the types of risk in security market and methods to reduce risk	E	7, 8, 11, 17, 22	11
CO 4	Using various tools and enable to take investment decisions after understanding market efficiency How to select revise and evaluate portfolios and also to apply various tools for the valuation of bonds	E	3, 6, 18, 21	9
CO 5	Study of modern portfolio techniques helps to construct efficient portfolios Revising constructed portfolios as per risk and return association by using different strategies.	A	1, 10, 14, 16, 20	11
CO 6	Advanced Problems solving in Technical Analysis, Share valuation, Bond Valuation, Portfolio construction Revision and Evaluation	A	14, 18, 21	9

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;